

Chapter 3: FSP Caseload Characteristics and Administrative Actions

This chapter describes the trends and cross-state variations in the characteristics of FSP caseloads, i.e., the collective characteristics of participating FSP households as a group at the national and State levels. In addition, the chapter describes the trends and cross-state variations in administrative actions related to the certification of FSP eligibility. The chapter focuses on caseload characteristics and administrative actions that were considered as potential variables for the multivariate analysis of FSP certification-related effort and errors from 1989-2001. The variables in the final multivariate models of certification effort and errors are discussed in Chapter Five.

The caseload characteristics are mostly outside the direct control of FSP agencies. These include income sources, assets, expenses, and demographics. On the other hand, administrative actions by FSP agencies, including recertification periods and rates of expedited service, reflect national and State policies as they interact with the composition of the caseload. This distinction is not absolute, because FSP policies and practices may indirectly affect caseload characteristics. For example, several authors have provided evidence that short certification periods may tend to reduce FSP participation, particularly among households with earnings, who are most often subject to this practice (Rosenbaum, 2000; Kornfeld, 2002, Kabbani and Wilde 2003).

Data and Methods

The data for this analysis were drawn from the FNS Quality Control (QC) public-use microdata files for 1989 through 2001. Each file provides a random, nationally representative sample of approximately 50,000 active FSP cases selected for QC reviews by State FSP agencies. The sample in each State is drawn to be representative of the State. QC reviewers complete a standardized form using information from case records, household interviews, and third-party sources. The QC files include detailed data on the demographics and economic circumstances of FSP participants, benefit levels, and administrative actions. As discussed in Chapter Four, the QC data also include indicators of errors in determining eligibility and benefits. For each year, the analysis variables were computed at the State and national levels through weighted tabulations of the microdata, using the sampling weights in the microdata.

The QC data used in this chapter come from FSP case records. The data represent only those household members who are identified as members of the FSP case, which is defined as one or more persons who live together, buy food together, and prepare meals together. Thus, some known household members may not be included in the FSP case record, and unreported members are not. For the ease of discussion in this chapter, the terms “FSP household” and “FSP case” are used interchangeably.

The analysis presented in this chapter used two kinds of graphs. First, we constructed bar graphs of national trends in caseload characteristics. The national values in these graphs are weighted averages of the State-level data, using average monthly counts of participating households as weights. Thus, these trends are representative of the nationwide FSP caseload as a whole, giving more weight to larger States than to smaller ones.

Second, we produced graphs to depict the variation in caseload characteristics across States during each of the years 1989-2001. These “box and whisker” graphs identify the minimum, 25th percentile, median,

unweighted mean, 75th percentile, and maximum of the State-level variables. We refer to the difference between the 25th and 75th percentile values as the “interquartile range”. These graphs are presented in the chapter for the subset of characteristics that were considered particularly important because of their prevalence and trends over time. In the discussion that follows, we highlight the major patterns observed in the State-level analysis. The State-level data—particularly the extreme values—should be viewed with caution, because they are subject to larger sampling errors than the national estimates.

The descriptive analysis in this chapter is presented because of its relevance to this study, with awareness of its limitations. The QC data provide contextual information on the changes in the FSP caseload during the study period, and on the differences in caseload among the States. Furthermore, this information was used to identify variables for modeling FSP error rates that met two criteria: they were theoretically relevant to a model of errors as a function of certification effort and other factors, and they varied over time and among States in ways that suggested potential explanatory power in such a model.

Sources of Income

As discussed below, there were several notable trends in the sources of income received by the FSP caseload during the study period. These trends are relevant to modeling effort and errors because the likelihood of error for a household depends on the types of income that the household receives. Determinations of earned income may require reviewing several pay stubs and verification data from employers; these data may be incomplete or inaccurately reported. Furthermore, earned income changes as workers’ hours and pay rates fluctuate, so income data must be frequently updated to prevent and detect payment errors. In contrast, FSP agencies have computerized access to data on many types of government benefits, including AFDC/TANF and Social Security, so eligibility workers can determine income from these sources with little risk of error.

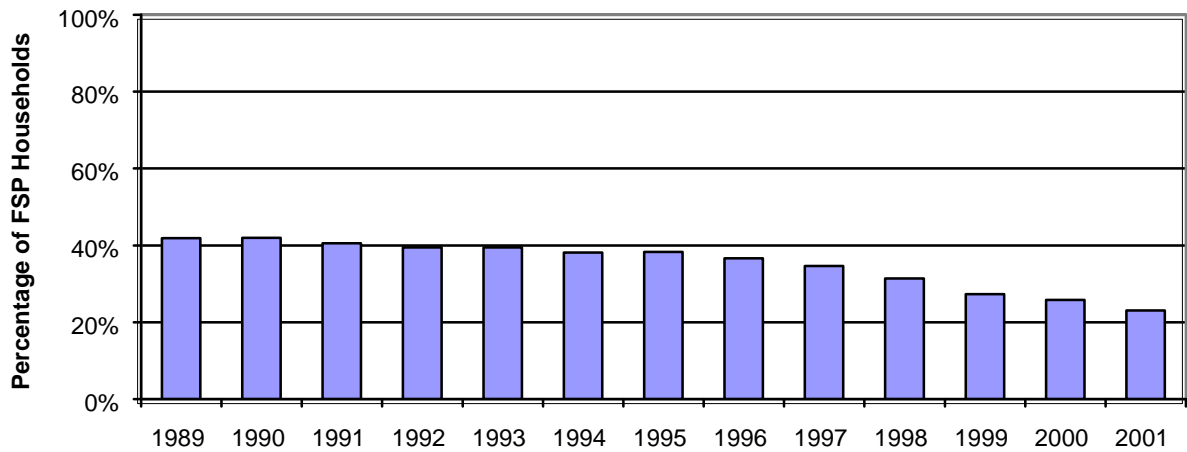
AFDC/TANF Benefits

We hypothesized that, to achieve an acceptable level of accuracy, States may need to spend less FSP resources on households with AFDC or TANF than on households that rely on other sources of income. For AFDC or TANF households, the FSP’s share of the effort is reduced through sharing of common effort for certification, data processing, and other functions. In addition, the FSP agency has ready access to exact information on AFDC or TANF benefits, so this type of income is less difficult to determine than others, and thus less effort is required to determine the household’s total income with the same degree of accuracy.

As shown in figure 8, the percentage of FSP households receiving AFDC or TANF fell slightly from 41.9 percent in 1989 to 38.3 percent in 1995, and then more rapidly to 23.0 percent in 2001. Thus, the trend was already under way when TANF was adopted in 1996, but it accelerated thereafter. This trend reflects both the absolute decline in AFDC/TANF participation and the impact of other trends on the composition of the FSP caseload.

Figure 8

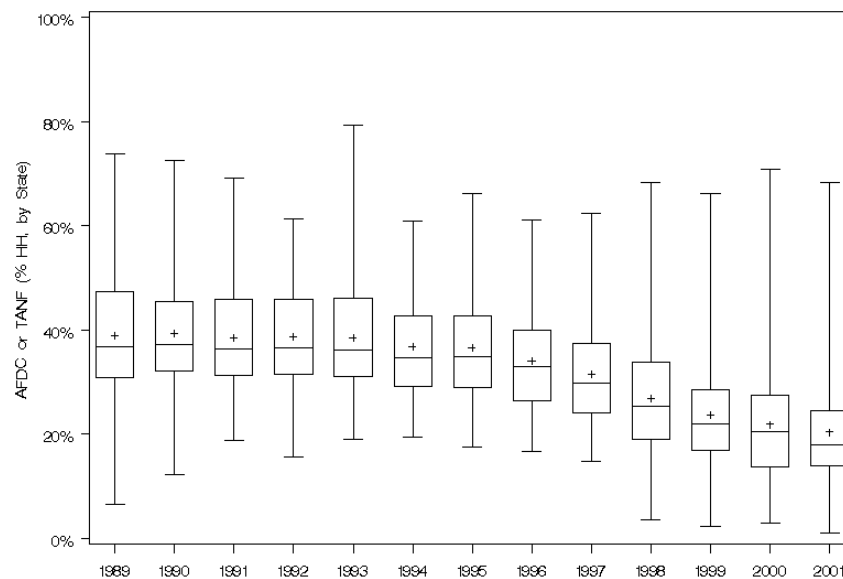
National Percentage of FSP Households with AFDC or TANF



Among the States, the size of the interquartile range between the 25th and 75th percentiles was relatively stable (See figure 9.) The trends in the unweighted mean and median percentage of FSP households receiving AFDC or TANF were the same as that of the national (weighted) average in figure 8. The range of the percentage of FSP households receiving AFDC or TANF was at least 40 percentage points and often more during the period.

Figure 9

Variation in State-Level Percentage of FSP Households with AFDC or TANF



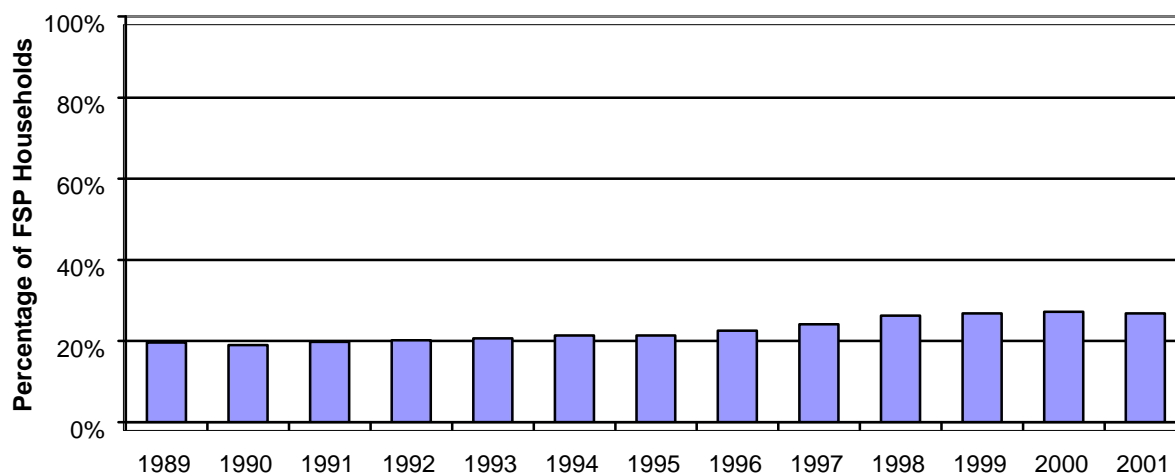
Note: For each year, the vertical box represents the range from the 25th percentile to the 75th percentile. The line dividing the box is the 50th percentile (median). The “+” is the unweighted mean. The lines extending from the box indicate the range (minimum and maximum).

Earnings

At the national level, the percentage of FSP households with reported earnings rose from 19.0 percent in 1990 to 27.2 percent in 2000, with the sharpest increase between 1995 and 1998. (See figure 10.) This trend coincided with both the economic boom of 1992-2000 and the implementation of welfare reform, and it marked the continuing shift of the FSP away from its traditional role as an adjunct to cash benefits toward an expanded role as support for low-income workers.

Figure 10

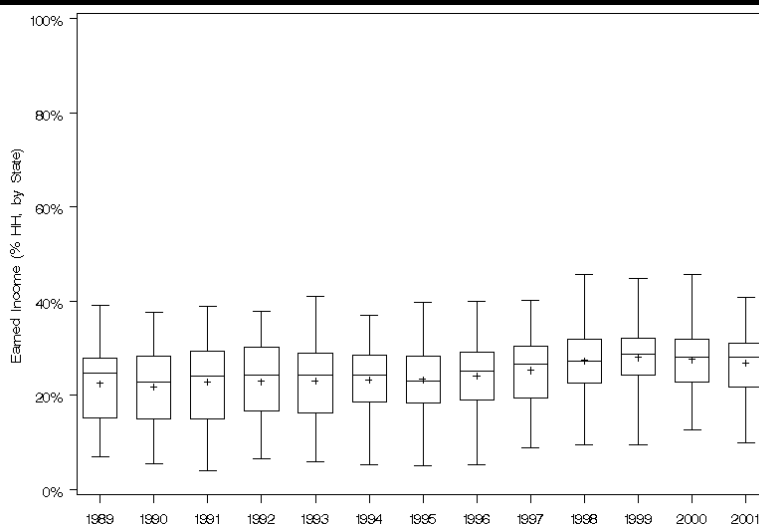
National Percentage of FSP Households with Reported Earned Income



The trends in the unweighted mean and median percent of FSP households with reported earned income across the States matched the national trend. (See figure 11.) The 25th and 75th percentiles fluctuated somewhat relative to the median and mean over the period, with a narrower range in later years. The range between the 75th percentile and maximum was generally similar in size to the range between the 25th percentile and the minimum, and these values generally moved in parallel to the overall trend.

Figure 11

Variation in State-Level Percentage of FSP Households with Earned Income



Note: For each year, the vertical box represents the range from the 25th percentile to the 75th percentile. The line dividing the box is the 50th percentile (median). The “+” is the unweighted mean. The lines extending from the box indicate the range (minimum and maximum).

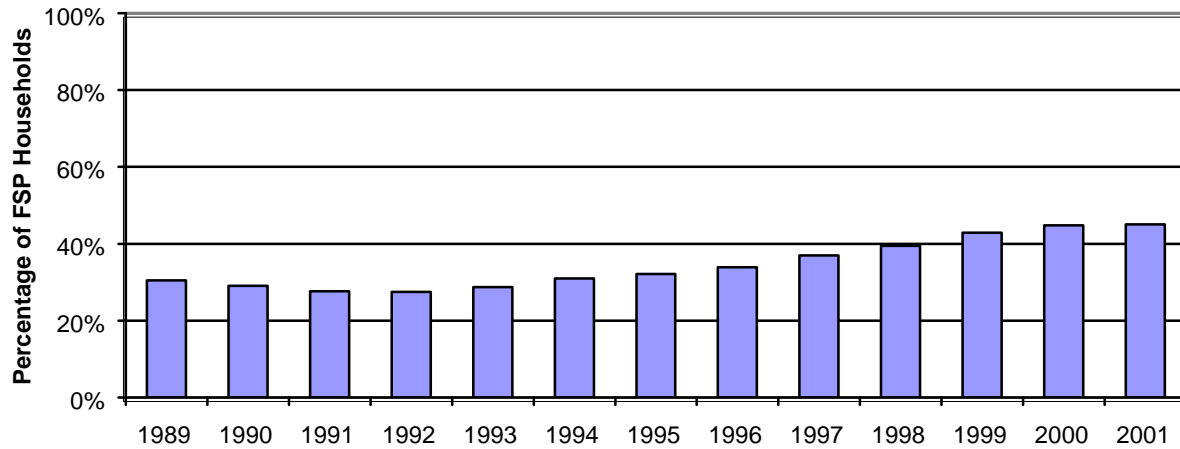
Social Security

As with AFDC/TANF, we expected that households with income from Social Security benefits (including OASDI and SSI)¹ would be less error-prone than households that did not receive this type of government benefit. Households with elderly or disabled members tend to be more stable in composition and sources of income than other households, and these households are less likely to have unreported sources of income from employment. The presence of Social Security benefits adds little to the potential for error, because benefit changes are infrequent and occur on a standard schedule. Also, information-sharing between Food Stamp Agencies and the Social Security Administration is automated, thus facilitating the verification and updating of information on FSP households receiving Social Security benefits.

There was a clear upward trend in the national percentage of FSP households with Social Security income after 1992. (See figure 12.) The percent of FSP households with Social Security income fell slightly from 30.5% in 1989 to 27.5% in 1992, then rose steadily to 44.8% in 2000 and reached 45.0% in 2001. Thus, Social Security took the place of AFDC/TANF as the most common source of income for FSP households.

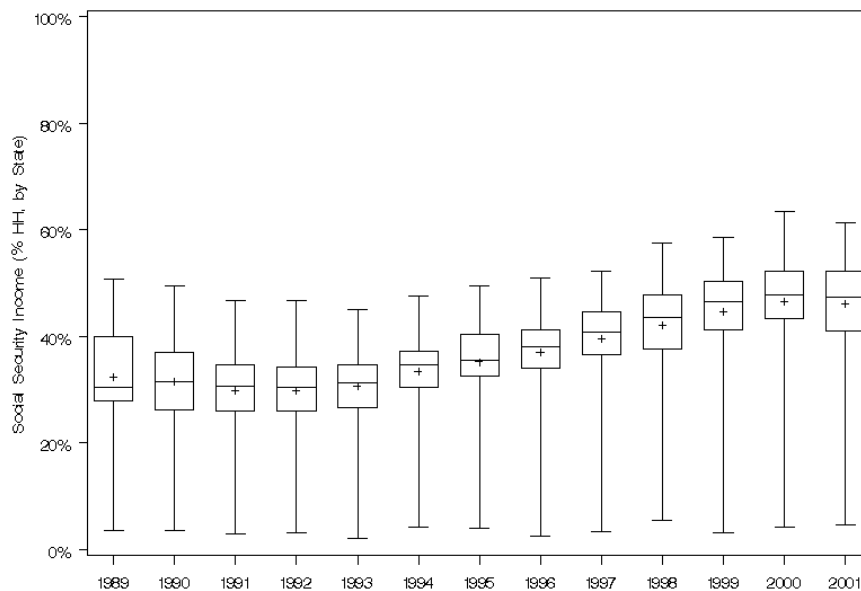
¹ OASDI is the acronym for Old Age, Survivors and Disability Insurance. SSI is the Supplemental Security Income program for low-income elderly and disabled individuals.

Figure 12**National Percentage of FSP Households with Social Security Income**



The trends in the unweighted mean and median State-level percentage of FSP households receiving Social Security income matched the national trend. (See figure 13.) The 25th and 75th percentiles for the States remained relatively close to the median and mean over the period. The minimum was nearly constant, while the maximum rose and fell with the other measures. Thus, there was a greater range among States with relatively low percentages of FSP households receiving Social Security (below the 25th percentile) than among the States with high percentages.

Figure 13**Variation in State-Level Percentage of FSP Households with Social Security Income**



Note: For each year, the vertical box represents the range from the 25th percentile to the 75th percentile. The line dividing the box is the 50th percentile (median). The “+” is the unweighted mean. The lines extending from the box indicate the range (minimum and maximum).

General Assistance

General Assistance (GA) programs (funded by the States and in some cases local governments) share costs with the FSP for the administration of cases receiving both benefits (GA-FSP cases). Thus, less FSP resources are spent to achieve the same results with these cases. In addition, the eligibility requirements for GA tend to screen out households who are likely to have volatile or unreported income. At the national level, GA receipt steadily declined from 10.6 percent of FSP households in 1990 to 5.4 percent in 2000. Because of the small size of the GA-FSP population, variation in the percentage of FSP households receiving GA was unlikely to have a significant effect on error rates or the effort required to administer the FSP.²

Child Support

The national percentage of FSP households receiving reported child support fluctuated between 4.1 and 5.1 percent between 1991 and 1997, then rose steadily to 7.8 percent in 2001. As discussed in Chapter One, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) made important changes in the child support system, which were implemented along with TANF in the period from 1997 to 2001. Nevertheless, given the small percentage of the FSP caseload with reported child support even in 2001, this type of income was not likely to be a significant factor influencing FSP error rates.

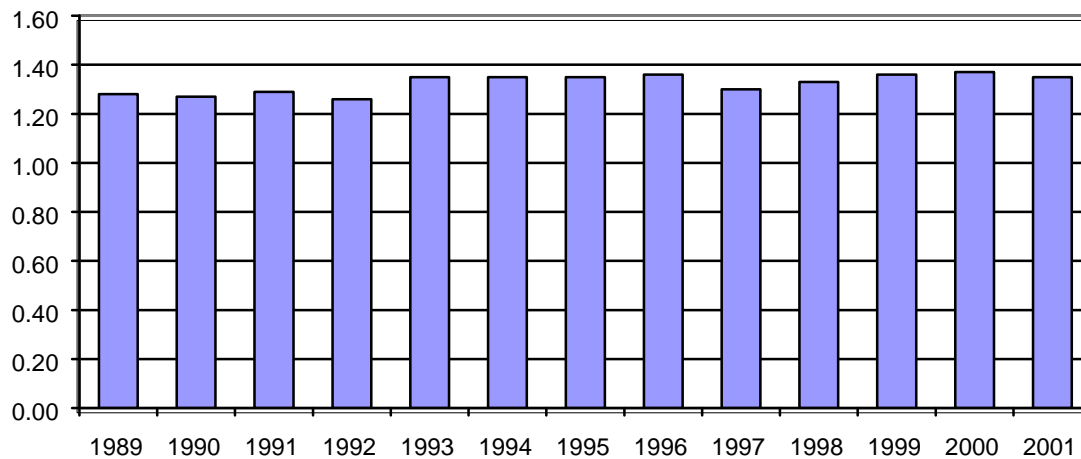
Number of Reported Income Sources

The number of reported income sources is an indicator of the potential for error: the more sources of income a household receives, the more information is needed to determine income and calculate benefits, and the more opportunities exist for error. This measure did not vary much nationally and did not show a consistent trend, as seen in figure 14. The trend in the average number of reported income sources had two slight troughs around 1.3 or fewer (1989-1992 and 1997) and two slight peaks around 1.35 or more (1994-1996 and 1999-2001). The overall range was not very large (1.26 to 1.37). These figures reflected the combination of trends in specific income sources—the declines in AFDC/TANF and GA, and the increases in earnings and Social Security.

² Charts are omitted when the maximum national percentage is less than 12 percent.

Figure 14

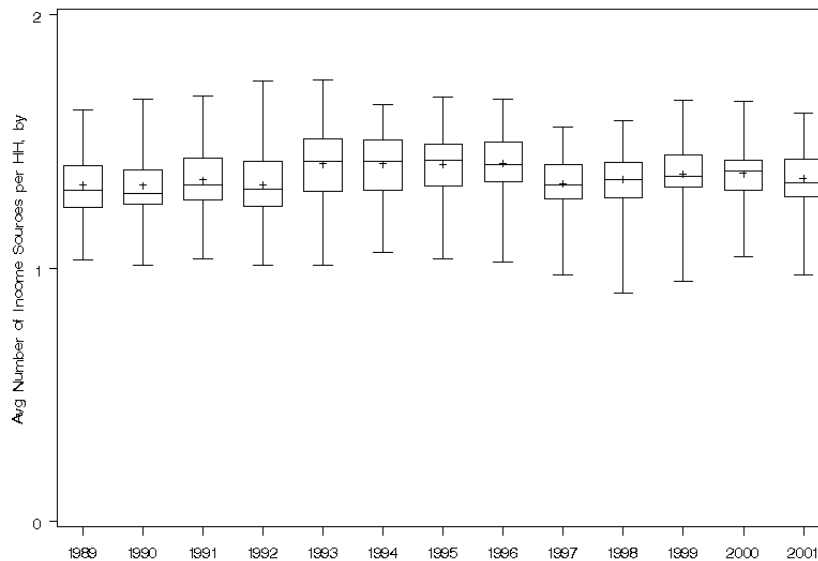
National Average Number of Reported Income Sources Per FSP Household



The weighted mean, unweighted mean, and median for the number of income sources per FSP household did not vary much over the period in the State-level data. (See figure 15.) The minimum hovered around 1.0, and the maximum varied considerably, but the interquartile range was relatively small.

Figure 15

Variation in State-Level Average Number of Reported Income Sources Per FSP Household



Note: For each year, the vertical box represents the range from the 25th percentile to the 75th percentile. The line dividing the box is the 50th percentile (median). The "+" is the unweighted mean. The lines extending from the box indicate the range (minimum and maximum).

Other FSP Caseload Characteristics

In addition to sources of income, other types of economic and demographic characteristics of the FSP caseload were analyzed to identify national trends over the study period and patterns of cross-state variation. Economic characteristics, including assets and deductions from income, were considered relevant because they entailed additional information requirements and potential for error. The demographic characteristics of the FSP caseload were considered relevant for two reasons. First, to maintain accurate case records, workers may need to obtain and maintain more information on larger and more heterogeneous households (with age and citizenship status being discernible sources of differences among individual household members that are not already captured by data on sources of income). Second, household demographics may be related to the rate of changes in eligibility: for example, elderly-only households are likely to be more stable than other types, especially those with non-elderly adults and children.

Assets

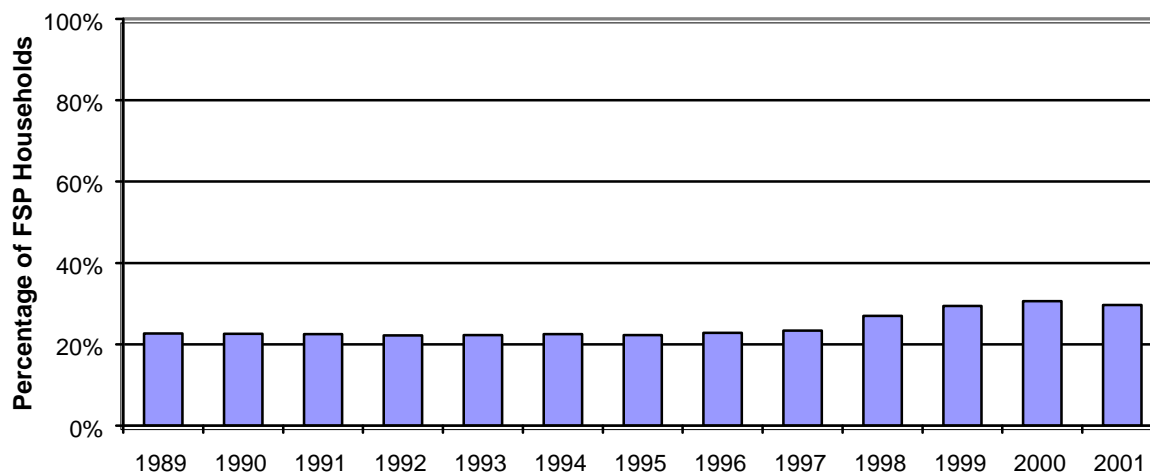
FSP eligibility is affected by the value of the household's liquid assets (bank accounts, savings bonds, and investments that can readily be converted to cash) and motor vehicles, although rules exclude certain assets from being counted, depending on the type of asset and household circumstances. Thus, households with countable liquid assets or vehicles may require more certification effort to achieve a given level of accuracy, because of the need to obtain and verify asset information, and to determine whether assets exceed allowed amounts.

Both liquid assets and non-excluded vehicles became more common among FSP households starting in 1998 and reached peak levels of prevalence in 2000. The trend in liquid assets is stronger because the increase was from around 22 to 23 percent (between 1989 and 1997) to around 30 percent, as shown in figure 16. The presence of non-excluded vehicles rose from less than 3 percent (before 1998) to over 5 percent (in 1999 and 2000) before declining to around 4 percent (in 2001). Thus, this trend affected only a very small proportion of FSP households and would not be expected to have a noticeable effect on administrative effort.³

³ The QC data usually do not contain records of assets for categorically eligible households (e.g., AFDC or TANF households, because these assets are not countable in determining eligibility).

Figure 16

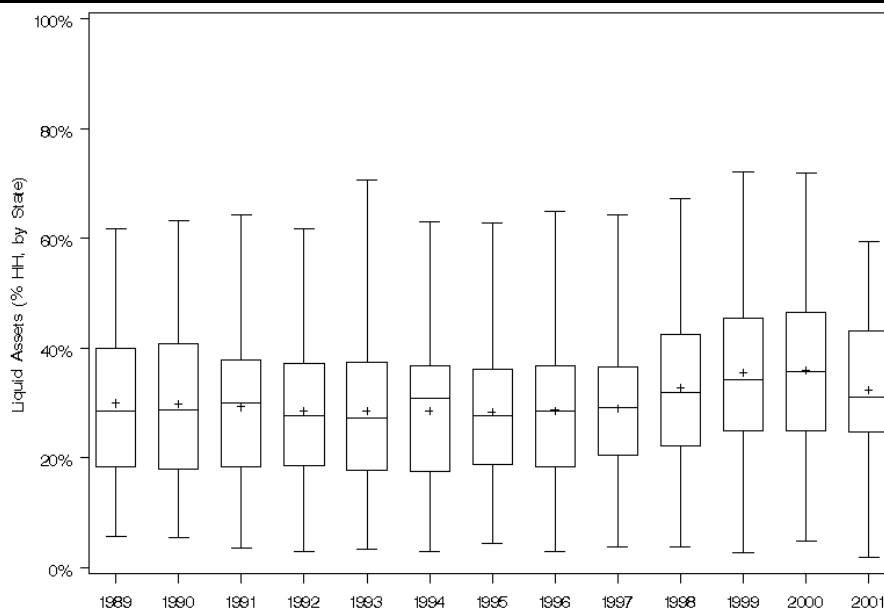
National Percentage of FSP Households with Liquid Assets



At the State level, the range of households with liquid assets between the 25th and 75th percentiles was roughly between 20 and 40 percent from 1989 to 1997. (See Figure 17.) The size of this range remained about the same in 1998 through 2000 when both percentiles shifted upward as the national mean and median increased. There was a very wide range from 1989 through 2001 in the percentage of households with liquid assets, with the minimum below 10 percent and the maximum at 60 percent or more.

Figure 17

Variation in State-Level Percentage of FSP Households with Liquid Assets



Note: For each year, the vertical box represents the range from the 25th percentile to the 75th percentile. The line dividing the box is the 50th percentile (median). The “+” is the unweighted mean. The lines extending from the box indicate the range (minimum and maximum).

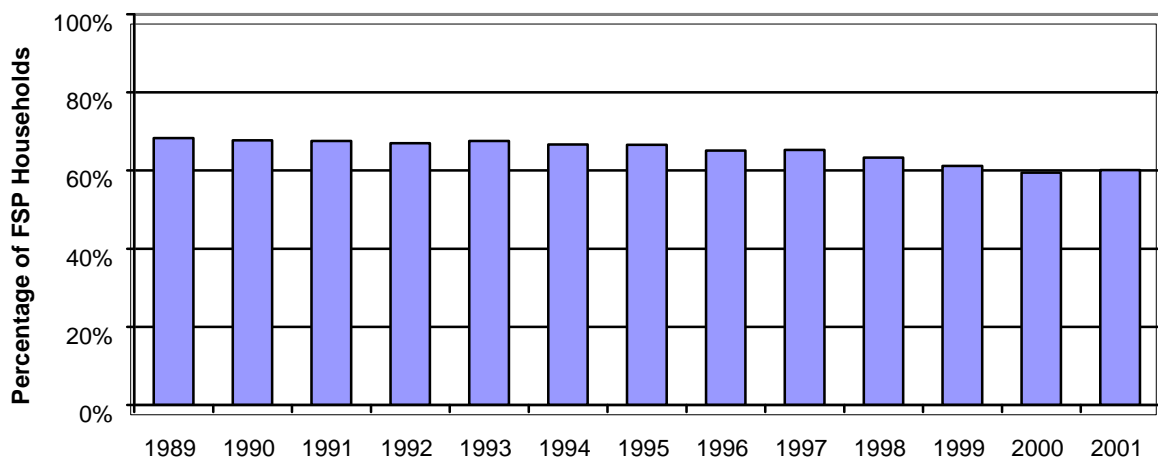
Deductions from Income

In computing net household income, certain expenses may be deducted, including excess shelter costs, dependent care, and medical expenses. An increase in the proportion of FSP households with these deductions from income would be expected to increase the potential for error.

The most common special deduction—for excess shelter costs—became slightly less frequent, but the less common deductions for dependent care and medical expenses became slightly more frequent. (See figure 18.) The excess shelter deduction was most common in 1989, at 68 percent of FSP households, and its prevalence dropped to 59 percent in 2000. PRWORA included restrictions on this deduction.

Figure 18

National Percentage of FSP Households with Excess Shelter Deduction



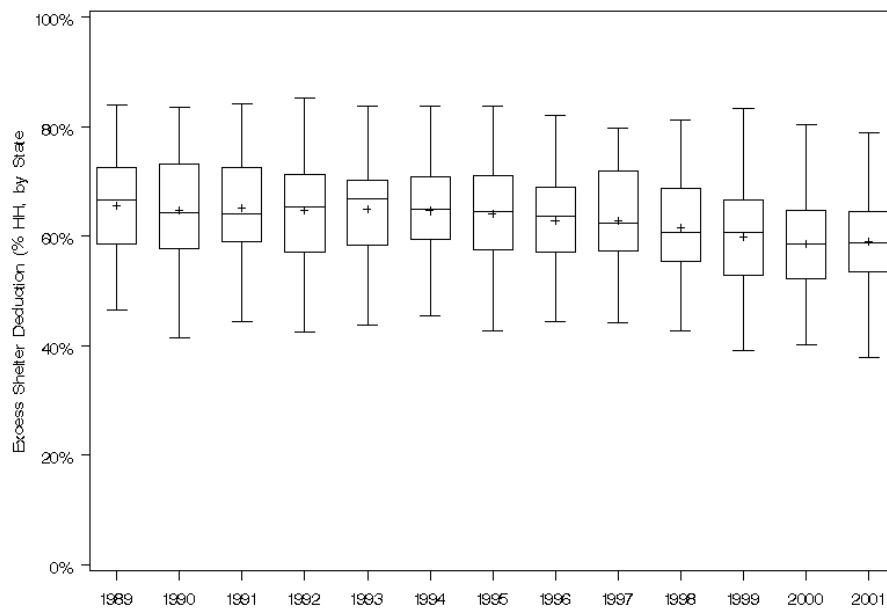
Among the States, the range in the percentage of households with the excess shelter deduction was relatively wide and stable throughout the period, but there was a decline in most States from 1998 through 2001. (See figure 19.) The overall range was generally about 40 percentage points, with the minimum generally between 40 and 45 percent, and the maximum generally between 80 and 85 percent. The 25th and 75th percentiles generally made up about 10 to 15 points of the range and were stable from 1989 through 1997, but these statistics declined in 1998 to 2001.

Size of Household

The average size of a FSP household could affect the potential for error. All else equal, one would expect the likelihood of error to be greater for a larger household. The national average FSP household size (number of persons) declined modestly from 2.6 in 1989 to 2.3 in 2001, a change of 11.5 percent. (See figure 20.) Given the relatively small change and the somewhat tenuous hypothesis of impact on error, this was not considered an important variable for the multivariate analysis.

Figure 19

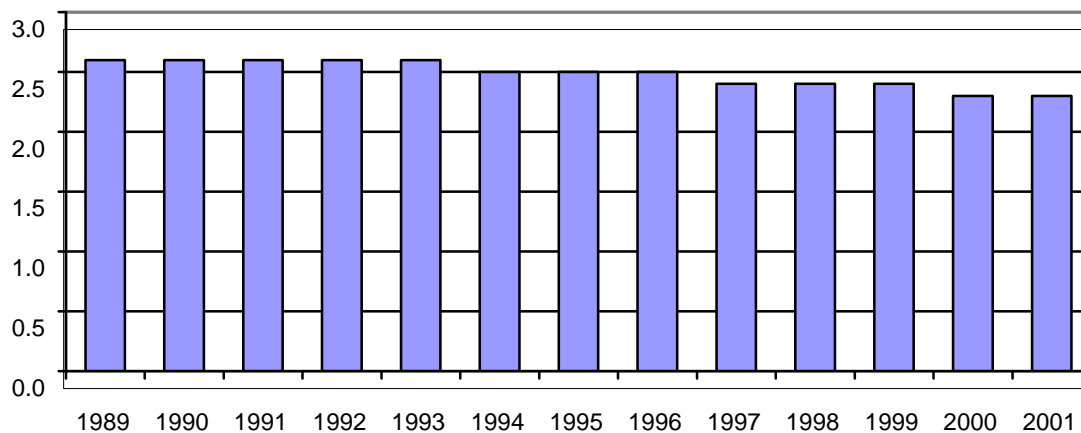
Variation in State-Level Percentage of FSP Households with Excess Shelter Deduction



Note: For each year, the vertical box represents the range from the 25th percentile to the 75th percentile. The line dividing the box is the 50th percentile (median). The "+" is the unweighted mean. The lines extending from the box indicate the range (minimum and maximum).

Figure 20

National Average Number of Persons per FSP Household

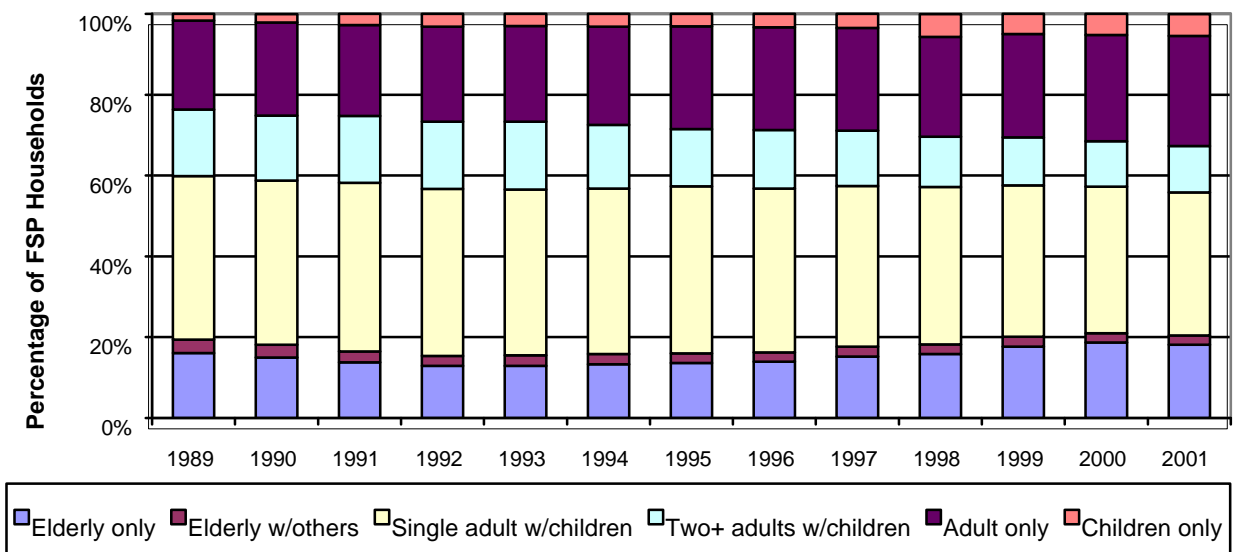


Age of Household Members

The relative prevalence of different types of FSP households by age of members was fairly consistent from 1989-2001, with some slight shifts. (See figure 21.) Single adults with children represented the most common type of household, with the share increasing slightly in the early 1990's and then shrinking slightly after 1995. The opposite trend occurred in households with elderly members. There was a fairly consistent decline in the share of households of two adults with children. Consistent increases occurred in the shares of adult-only households and child-only households. The increased share of adult-only households occurred despite PRWORA's limitation of benefits for able-bodied adults without dependents (ABAWDs). An important consideration was that only a small fraction of all FSP participants—even in the 18 to 50 age group—were subject to the ABAWD rules (Cjaka et al., 2001).

Figure 21

National Percentage of FSP Households by Age of Members

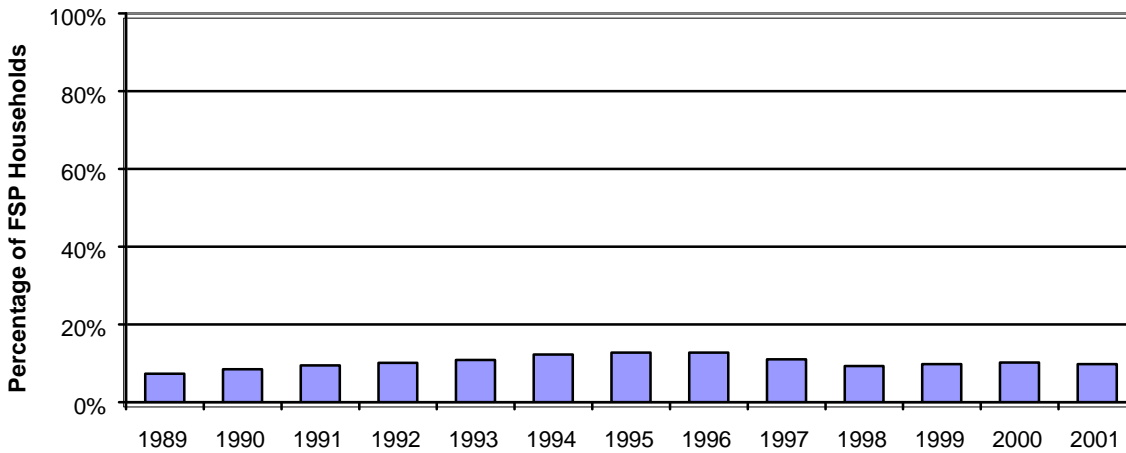


Presence of Non-citizens

The presence of non-citizens in FSP households increases the amount of information needed to determine eligibility, and workers must apply additional (and changing) rules, thus potentially increasing the risk of error. The national percentage of FSP households with reported non-citizens (whether certified or not) rose from 1989 to 1995 and remained near the peak in 1996, then fell in 1997 and 1998 as restrictions on non-citizens' eligibility for food stamps in the PRWORA were implemented. (See figure 22.) The presence of reported non-citizens changed very little in 1999-2001, despite the restoration of eligibility for some non-citizens enacted in 1998. The percentage of non-citizens in FSP households was only 7.4 to 12.8 percent over the entire period, so these households constituted a relatively small minority of FSP cases, and this variable was unlikely to have a significant effect on overall FSP error rates.

Figure 22

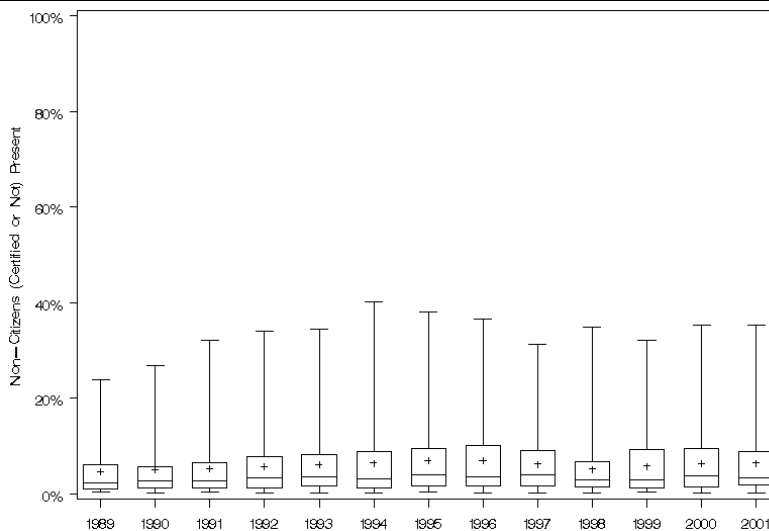
National Percentage of FSP Households with Non-Citizens (Certified or Not)



Examination of the State-level data indicate that most States fell within a relatively narrow and stable range of the percentage of FSP households with non-citizens, but the top 25 percent varied widely. (See figure 23.) The 75th percentile for this measure consistently fell below 10 percent, even when the national mean was above 10 percent. Thus, the national mean reflected the influence of a relatively small number of States with high percentages of non-citizens and large FSP caseloads. With a small number of States having most of the non-citizens, it would be difficult to discern any effect of the presence of non-citizens in a State-level analysis.

Figure 23

Variation in State-Level Percentage of FSP Households with Any Non-Citizen (Certified or Not)



Note: For each year, the vertical box represents the range from the 25th percentile to the 75th percentile. The line dividing the box is the 50th percentile (median). The "+" is the unweighted mean. The lines extending from the box indicate the range (minimum and maximum).

Administrative Case Actions

When attempting to understand the risk of error and the effort expended to avoid error, the administrative practices of local offices must be considered. While FSP policies are set at the national and State levels, it is widely recognized that the implementation of these policies often varies at the local level. Some studies have examined local office practices at a particular point in time (e.g., Bartlett et al., 2004), but there are no systematic, longitudinal data with nationwide coverage on the practices of local offices. Nevertheless, the QC microdata provide a few measures of case actions that indicate the results of policies and operational practices. We examined data on recertification periods, the most recent case action, and the proportion of expedited cases.

Recertification Period

The length of recertification periods was expected to affect error rates. Shorter recertification periods were expected to provide more timely information on household composition and income. In the late 1990s, many States shortened recertification periods for working households, because month-to-month fluctuations in their earnings contributed to errors in payments. Shorter recertification period periods could also reflect a more general tendency toward more aggressive (and labor-intensive) administrative tactics to reduce error rates.

For the national FSP caseload as a whole, the average recertification period remained fairly steady at levels between 9 and 10 months during the study period. (See figure 24.) This measure reflected the combination of policies for working households and non-working households, and the majority of FSP households received no earnings. State-level data showed similar consistency in the average recertification period, with some increase in the overall range after 1996. (See figure 25.)

Figure 24

National Average Recertification Period in Months

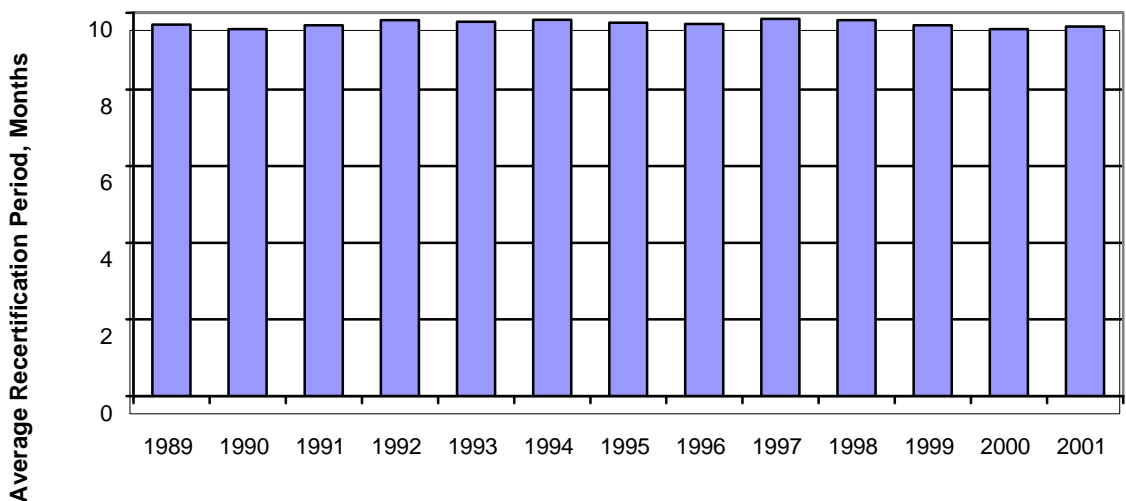
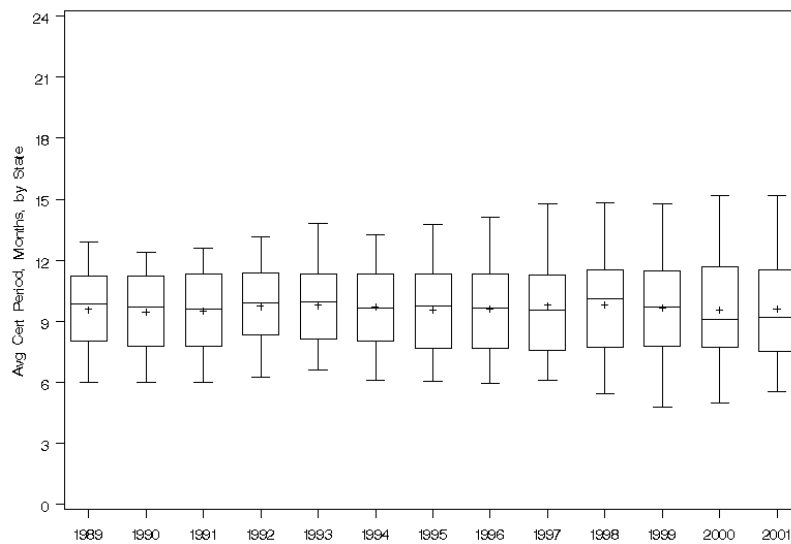


Figure 25

Variation in State-Level Average Recertification Period in Months

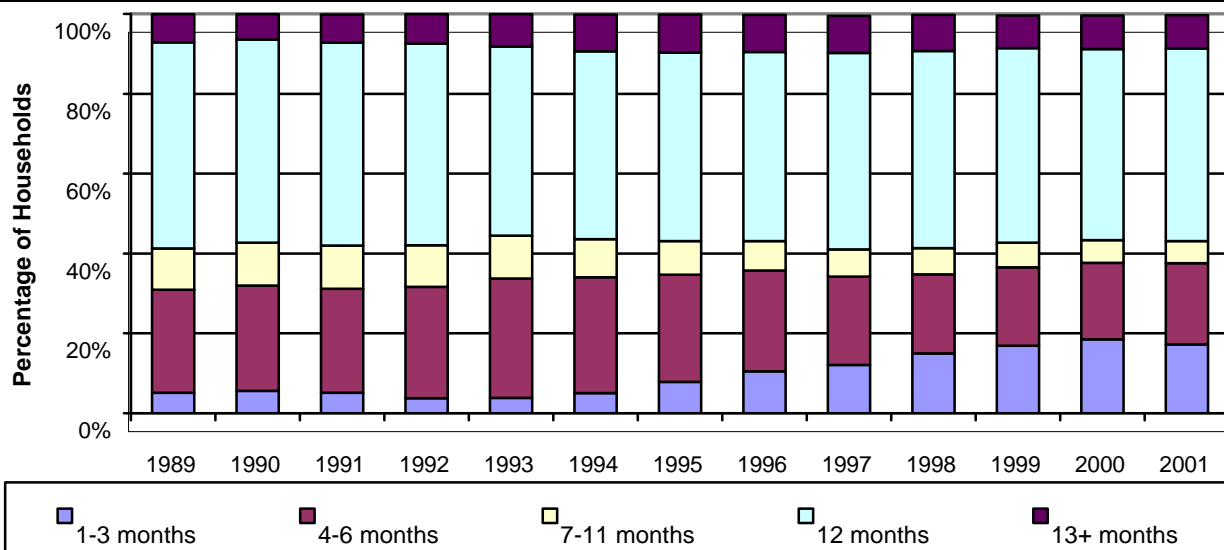


Note: For each year, the vertical box represents the range from the 25th percentile to the 75th percentile. The line dividing the box is the 50th percentile (median). The “+” is the unweighted mean. The lines extending from the box indicate the range (minimum and maximum).

A clearer trend emerged in the distribution of recertification periods over time. The national proportion of all FSP households with very short (1- to 3-month) recertification periods increased steadily from about 5 percent to about 19 percent in the late 1990s, as shown in figure 26. The percentage of households with 4- to 6-month recertification periods declined, as did the percentage with 7- to 11-month recertification periods, while the percentage with longer periods did not noticeably change.

Figure 26

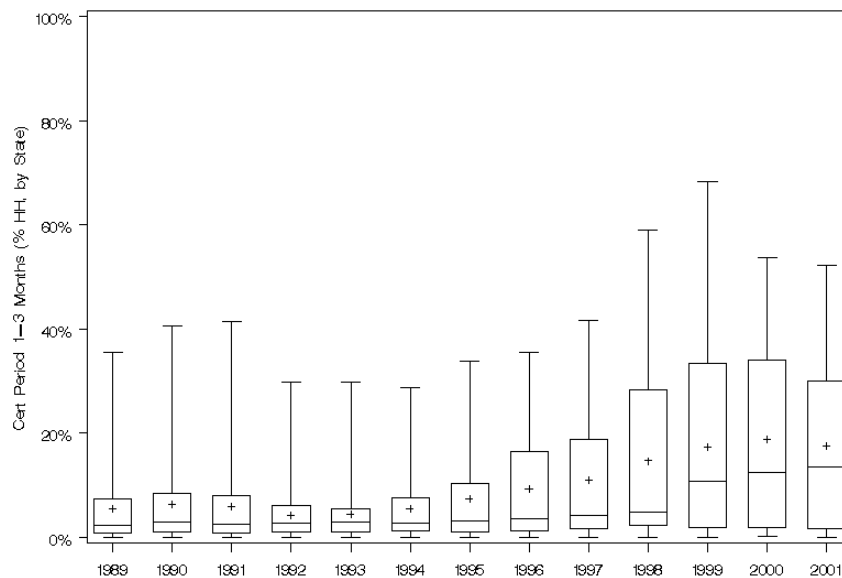
National Percentage of FSP Households by Length of Recertification Period



The percentage of FSP households with 1- to 3-month recertification periods also varied considerably across States during these years. (See figure 27.) In 1999, for example, the interquartile range of this percentage by State extended from under 5 percent to over 30 percent. This large cross-state variation suggested that this variable was particularly important to consider in modeling certification effort and errors.

Figure 27

Variation in State-Level Percentage of FSP Households with Certification Period of 1-3 Months



Note: For each year, the vertical box represents the range from the 25th percentile to the 75th percentile. The line dividing the box is the 50th percentile (median). The “+” is the unweighted mean. The lines extending from the box indicate the range (minimum and maximum).

Most Recent Action

In the FSP, case actions include initial certification, recertification, interim changes, and processing of monthly reports. One might expect the risk of error to rise with increases in the proportion of FSP households for whom the most recent action is an initial certification. Initial certification generally requires more information and verification than interim changes, monthly reporting, or recertification. The proportion of FSP households for whom the most recent action is initial certification reflects the rate of entry into the FSP (largely a result of exogenous conditions) and the frequency of other actions (principally the rate of recertification, which results from a combination of case characteristics and program rules). A measure of the use of monthly reporting might also be important to modeling certification effort and errors, because this practice has been used as an alternative to frequent recertifications.

Unfortunately, the QC data did not provide a consistent basis for estimating the proportion of FSP households in their initial certification period. The types of “most recent action” reported in the QC data changed during the period. Prior to 1998, States reported when the most recent action was monthly reporting. Thus, a household in its initial certification period could only be identified before the first monthly report. The monthly reporting action category was dropped in 1998, when States began

reporting interim changes as the “most recent action” where applicable. Because of this change in definition, we did not consider this variable to be usable for the study.

Expedited Service

Expedited FSP households could pose more risk of error because of special procedures to ensure timely processing and the need for full certification in the month after approval. The national proportion of FSP households that received expedited service increased from about 4 percent in 1990 to about 6 percent by 2001. This was a large relative increase, but the proportion receiving expedited service remained small, so this variable was not likely to have much impact on FSP error rates.